

From: "Kevin Ary" <kary@franklinfinancialgroup.com> on 04/02/2008 03:25:02 PM

Subject: Regulation Z

I am writing today to express some concern to the above-mentioned Docket regarding proposed amendments to Regulation Z. Almost four years ago I moved my business to my hometown, where I work as a mortgage broker. My business has become primarily a referral-based business, whereas I typically am doing loans for people I know, or for people who know someone I did a loan for. I manage each step of the loan process personally and feel I do a tremendous service for my customers. I am honest and fair, and would not be able to continue receiving referrals if that were not the case.

Regarding the proposed amendments to Regulation Z, I always support things with the intent to protect consumers. What I respectfully oppose is the proposal's restricting of compensation for mortgage brokers. It seems that mortgage brokers receive much blame for the current housing crisis, foreclosures in the past, and overall are largely viewed as "crooked" in nature. As a mortgage broker who never acts in this manner, I cannot help but oppose something that will further make it harder for me to do my job. As a mortgage broker, I act as an intermediary between my customers and the lenders I place them with for financing. I do serve both parties, but "represent" neither. Specifically, I shop amongst various lenders for the best program to meet that customer's needs, including the best interest rates and terms. In this way I do not always use one specific company which I believe furthers competition among the lenders and thus keeping things better for consumers. With regards to my customers, I always do the best job I can for them, but cannot guarantee that I have the absolute best programs and/or rates available. I may not be offered the same rates through one lender that the same lender offers another brokerage who may be larger and due to the volume they send to that lender might receive better pricing as a result. This doesn't mean I don't keep the customers interests in mind when serving them. As a matter of fact I often compete with lenders using their "wholesale" side versus their "retail" side if the same borrower went into the bank branch themselves. For the lender they could ultimately receive the loan, either from me through the wholesale side, or from their own retail side, after which they package the loan amongst others that are similar, and resell the loans on the secondary market. Either way the lender wins.

Many consumers cannot distinguish mortgage brokers from lenders, as similar names and signage exist all over the marketplace. What does distinguish a mortgage broker from an originator in the lending locations is brokers have to comply with strict licensing standards, background checks and yearly continuing education. These rules do not always apply to the lender's originators. Next mortgage brokers have to be knowledgeable not only of one lender's programs (as an originator working only for a lender does) but rather must constantly educate themselves of all programs available to make sure they do their best in offering products to their customers. Let me tell you, having worked for only a lender, and now as a broker, I can tell you I have to, and am glad to know much more being a broker. I feel I am a better consultant for my customers offering them more choices than they may get from a retail lender.

Having said all of these things, I ask you to keep in mind that mortgage brokers already have it harder to work daily to be compliant than does a loan officer or originator for a lender. As I mentioned I have performed both jobs, so my knowledge is firsthand. If mortgage brokers are to be restricted with the new proposal, it is only fair that the rule apply not only to mortgage brokers, but to all originators regardless of who they work for. This will then force banks and lenders to begin disclosing money they earn on loan transactions that they currently do not have to disclose to consumers. Please ask yourself, doesn't it seem unfair and possibly unethical that lenders do NOT have to disclose all money (yield spread premiums in particular) that they receive for a transaction. If you have obtained financing from a lender, rather than a mortgage broker, chances are it happened to you and you didn't even know it. At least you would have with a mortgage broker.

I simply ask you to keep things so we all exist on as level of a playing field as we can. Thank you for your time and consideration.

**Kevin M. Ary, President
Certified Residential Mortgage Specialist**

**Franklin Financial Group, Inc.
755 Maidstone Court
Cincinnati, OH 45230**

**Toll Free: (866) 785-6475
Phone: (513) 231-4927
Fax: (513) 231-5094
Mobile: (513) 317-3476
www.franklinfinancialgroup.com**